

# CHRYSLER BUILDING ESCAPES CITY TAXES

**\$14,000,000 Skyscraper Rising  
on Land Owned by Cooper  
Union Exempt by 1859 Law.**

## BOARD ORDERS AN INQUIRY

**"Future Action" Is Contemplated—  
Educational Body to Get Sums  
Almost Equal to Realty Levies.**

The sixty-eight-story Chrysler Building being erected on the east side of Lexington Avenue, between Forty-second and Forty-third Streets, and which has been appraised in advance of completion at \$14,000,000, inclusive of leasehold, will be free of city taxes unless the old law which exempts the land and building from taxation is changed or its interpretation altered by the courts.

Investigation yesterday showed that while the W. P. Chrysler Building Corporation, of which Walter P. Chrysler, president of the Chrysler Motor Corporation of Detroit, is the head, apparently will not pay a tax directly to the city on the project, under existing contracts it will pay in addition to the ground rental a sum almost equivalent to the taxes to Cooper Union, owners of the site.

### Exemption Granted in 1859.

The land, fronting 201 feet on Lexington Avenue, 205 feet on Forty-third Street and 167 feet on Forty-second Street, has a ground area of 37,500 square feet. Because of the nature of its activities, mostly educational, Cooper Union in 1859 by special legislative act received tax exemption on all land and buildings it owns, and has since then successfully defended several efforts to have its holdings placed on the tax lists. About twenty years ago an attempt by the city to tax the property upon which the Chrysler Building will stand failed, and a court decision was handed down interpreting the law as covering all holdings of the Cooper Union whether used by that organization for educational purposes or leased to other persons.

Henry M. Goldfogle, president of the Board of Taxes and Assessments of the City of New York, when questioned as to the status of the Chrysler project, admitted yesterday that he had "ordered a research" in his office to determine the history of the tax-exempt tract and the rulings under which the old law was upheld, as a basis for "possible future action." He declared, however, that no decision had been reached as to what would be done, because "the question could not come up until the building is completed."

He pointed out, however, that the exemption of the Bar Association Building in Forty-third Street came "under a different classification as bar association properties used solely for bar association purposes," in accordance with the provisions of the Fearon bill of 1927 amending the realty tax statutes.

### Sees Immunity Not Intended.

R. J. Delehanty, chief deputy of real estate of the Board of Taxes and Assessments, declared the tax status of the Chrysler Building had brought to the fore the question of assessments under old laws.

"It is generally admitted that under the old laws no such general exemption as now exists was intended," Mr. Delehanty said. He declared that under an old ruling such property as the Chrysler Building enjoyed the same fire, police and other municipal protections that taxed buildings received without expense, because it belonged to a church, charitable or other exempted organization, even though not used by such organizations.

The Chrysler structure is scheduled to be completed in May, 1930, so that apparently no action, legislative or judicial, would affect the status of the property before then. The size of the building and its valuable location indicate that any effort to add it or the land to the tax assessment lists would open a far-reaching controversy. The building is to be 808 feet high, sixteen feet higher than the Woolworth Building. It is directly across Lexington Avenue from the Hotel Commodore, where the land is assessed at \$8,300,000 and the twenty-six-story building at \$15,500,000. Maurice Wertheim, realty broker, estimated the Cooper Union tract was worth between \$8,500,000 and \$9,500,000. The building is being financed by a loan of \$7,500,000 by S. W. Straus & Co.

It was said at the Cooper Union offices that the Chrysler lease had been made with consideration for the tax exemption. The Chrysler concern took over the lease held by former Senator William H. Reynolds. Mr. Reynolds had remodeled the dwellings on the site several years ago into store and office structures which were torn down last year to make way for the skyscraper.

### Sums Provided in Lease.

According to the Chrysler lease filed Oct. 18, 1928, the building corporation will pay to Cooper Union a ground rent and ground tax equivalent of \$113,000 for 1928 and 1929; the sum of \$26,000 for 1930 and \$36,000 in each of the years 1931 and 1932. For the following ten years the annual sum will be \$262,500 and for eleven years up to 1953, the time of expiration of the first term of the lease, \$330,000 annually. Two twenty-five-year renewals are provided up to 1995 at 5½ per cent of a revaluation of the land.

In addition to these amounts, the corporation agreed to pay as "additional rent" to Cooper Union the "prevailing rate of taxation" yearly on 80 per cent of the cost of the building. Thus the Chrysler firm will pay a "tax" to Cooper Union of four-fifths the assessed value of the completed building instead of a tax to the city on 100 per cent of the assessed valuation.

A similar arrangement had figured in Senator Reynolds's operation of the tax-free property.

Bills have been introduced in the State Legislature on several occasions in recent years to tax such properties of churches and similar organizations as now enjoy exemption, although occupied for other than church or charitable purposes, but all such efforts have failed. Proponents of such measures have pointed to the continued acquisition of valuable property in recent years by such organizations, largely through bequests and donations, and the added burden falling upon other taxed realty each time a valuable tract is thus removed from the assessment lists.